

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Ryan Furnal,
Appellant,

v.

Warren County Board of Review,
Appellee.

ORDER

Docket No. 13-91-0146
Parcel No. 19-000-23-0241

On February 14, 2014, the above-captioned appeal came on for hearing before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. Appellant Ryan Furnal was self-represented. Assistant County Attorney Karla J. Fultz is counsel for the Warren County Board of Review. County Assessor Brian Arnold represented it at hearing. The Appeal Board, having reviewed the record, heard the testimony, and being fully advised, finds:

Findings of Fact

Ryan Furnal is the owner of residential property located at 4142 178th Avenue, Carlisle, Iowa. The property's January 1, 2013, assessed value was \$359,600, allocated as \$44,000 in land value and \$315,600 in dwelling value. Furnal's property is a one-story home built in 2005 with 2283 square feet of above-grade finish. The home also has a full basement with 1250 square feet of living-quarter finish, two open porches, a deck, and a 720-square-foot attached garage. There is a 4050-square-foot steel utility building on the property as well. The site is 5.03 acres.

Furnal protested to the Board of Review claiming the property was inequitably assessed and the property was assessed for more than authorized by law under Iowa Code sections 441.37(1)(a)(1) and (2). He asserted the correct value was \$338,000. Furnal also marked several other grounds on the

form, indicating claims under sections 441.37(1)(a)(3), (4), and (6). However, all of these claims essentially reasserted the property was over-assessed. The Board of Review denied the petition.

Furnal then appealed to this Board reasserting his claims.

Furnal listed two properties located in Carlisle as equity comparables on his Board of Review protest form: 4967 178th Avenue and 4212 178th Avenue. The property located at 4212 178th Avenue is a 22.250-acre, agriculturally classified property. Because it has an agricultural classification, it is not comparable to the residentially classified subject property. Iowa law requires agricultural land to be valued based on its productivity and net earning capacity, whereas residentially classified properties are assessed at market value. Iowa Code §§ 441.21(1)(b) & (e).

The property located at 4967 178th Avenue is residentially classified like the subject; however, it has not sold recently. An equity analysis typically compares prior year sale prices (2012) or established market values to the current year's assessment (2013) to determine the assessment/sales-ratio. Moreover, more than one comparable is required to prove inequity. Absent this evidence, Furnal otherwise would need to provide evidence to show the assessor did not uniformly apply assessment methods to the subject property and other similar properties. Furnal provided no evidence in support to support such a claim.

Furnal also submitted a comparative market analysis (CMA), completed by his niece Megan Furnal of Keller Williams Realty, Clive, Iowa. (Exhibit 4). While the CMA was dated June 10, 2013, it does not state the effective date of valuation. Ms. Furnal included two closed sales located at 3037 N Scotch Ridge Road and 5557 Elkhorn Street, as well as a pending sale located at 2355 93rd Avenue. Ms. Furnal adjusted all three comparables for differences in their site size. (CMA p. 8). However, she made no other adjustments for differences such as condition, size, age, basement finish, garages, or other amenities like the subject's outbuilding. None of the comparable properties Ms. Furnal used had outbuildings like the subject property. Further, Furnal testified that he believed 3037 N Scotch Ridge

Road was superior to his property, yet Ms. Furnal did not adjust for this difference. Ultimately, in Ms. Furnal's opinion, the subject property would sell for between \$265,200 and \$339,800. From within this range, she recommends a list price of \$302,500. There is no analysis of how she arrived at this conclusion from the very large range. Because Ms. Furnal did not adjust the comparable properties for significant differences, provides limited explanation of her opinion, and determines a list price rather than an opinion of market value, we give her CMA no consideration.

Furnal explained that he built the house himself and used lower quality finishing materials. He testified the property has some deferred maintenance including drywall in need of repair, worn carpets, and a deck in poor condition. Furnal also stated his property has below average views of vacated and poorly maintained neighboring properties. He provided pictures to support these assertions. (Exhibit 5).

Furnal also criticized the assessment listing. He asserts his property does not have central air, but rather geo-thermal heating/cooling. He also explained he built the steel utility building himself for \$17,000, compared the assessed value of the building being \$33,400. We note his costs may be for only the materials and not include any labor or entrepreneurial profit, whereas the assessment would include these factors. Furnal also asserts the lower level does not have 1250 square feet of finished area as reported and that he used lower quality materials, such as carpet-tile flooring and low quality trim, to finish the basement. He included a sketch of his basement to support his assertion there was not 1250 square feet of finish. Essentially, he considers the "finished" areas to be only where there is flooring. Furnal noted there are four windows in the basement, two are egress windows and two are small sliders without egress.

Assessor Brian Arnold explained the 2013 assessment increased because the listing was changed to reflect the completion of the basement finish. After an inspection in 2011, the basement finish was incomplete and valued at \$6.00 per-square-foot. A follow-up in 2013 determined the

basement finish had been completed and the pricing was changed from standard to living-quarter finish, and a wet-bar was added. Arnold testified that he believed the 1250 square feet of basement finish was correct as it was measured in 2011. Further, he stated that basement finished area may include an area that does not have a ceiling or perhaps a finished floor but is otherwise finished.

Arnold also explained the subject has geo-thermal heating/cooling, which accounts for the air conditioning *description* on the property record card. Arnold acknowledged the subject did not have an air conditioning unit, but the improvements were air-conditioned through the geo-thermal system.

The Board of Review submitted five properties it considered for an equity analysis. All sold in 2012 and all are similar one-story homes built between 2001 and 2008. However, the subject is roughly 770 to 940 square feet larger than three of the properties; two properties have significantly less square feet of basement finish; and only one has a similar outbuilding like the subject property. The following chart summarizes these properties.

Address	Year Built	Gross Living Area (GLA)	Basement Finish	Outbuilding	2013 AV	2012 SP	AV/SP Ratio
Subject	2005	2283	1250	Yes	\$359,600	N/A	N/A
17131 Hamilton Ave	2005	1448	800	No	\$216,400	\$225,000	0.96
18808 Delaware Pl	2003	1512	1400	No	\$227,400	\$225,000	1.01
3037 N Scotch Ridge Rd	2001	2372	1200	No	\$395,900	\$339,000	1.17
18029 Jersey Trl	2008	1916	1200	No	\$340,200	\$325,000	1.05
20905 Hwy G24	2005	1340	500	Yes	\$260,700	\$233,900	1.11

As previously noted, Furnal was critical of the property located at 3037 N Scotch Ridge Road being used as a comparable as he is familiar with the property and asserts it is much higher quality construction and finish than his property. Further, he asserts the property located at 20905 Highway G24 is located on a paved road and therefore superior to his property. Ultimately, we note the only property with an outbuilding like the subject is also the smallest in size and basement finish. We do not find any of the equity comparables submitted by the Board of Review to be sufficiently comparable

to the subject property. Therefore, there is to support inequity in the assessment. However, overall, the Board's evidence indicates a trend of over-assessment of rural properties.

The Board of Review did not offer any market value evidence.

Conclusion of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 257 Iowa 575, 133 N.W.2d 709 (Iowa 1965). The six criteria include evidence showing

“(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the

actual valuations of the similar and comparable properties, thus creating a discrimination.”

Id. at 711. The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of this actual value. *Id.* The *Maxwell* test may have limited applicability now that current Iowa law requires assessments to be at one hundred percent of market value. § 441.21(1). Nevertheless, in some rare instances, the test may be satisfied.

Furnal’s evidence did not establish inequity in the assessment under either test. He provided to properties for an equity analysis, however one is classified agricultural compared to the subject’s residential classification. No assessment/sales ratio could be completed using these properties. Additionally, Furnal did not assert the assessor applied an assessment method in a non-uniform manner to similarly situated properties.

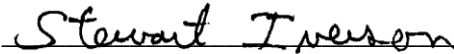
In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property’s correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Furnal submitted a CMA completed by Megan Furnal. The properties Ms. Furnal used in the CMA were not adjusted for differences other than site size and none have an outbuilding like the subject. Nor did Ms. Furnal conclude a market value opinion in the CMA. Therefore, we give the CMA no consideration. Furnal did not offer any other evidence establishing the subject property’s fair market value as of January 1, 2013, and, therefore, failed to show his property is over-assessed.

THE APPEAL BOARD ORDERS the assessment of Ryan Furnal's property located at 4142 178th Avenue, Carlisle, Iowa, as set by the Warren County Board of Review is affirmed.

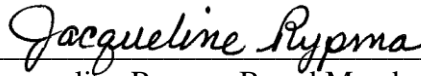
Dated this 21st day of March 2014.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair



Jacqueline Rypma, Board Member

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